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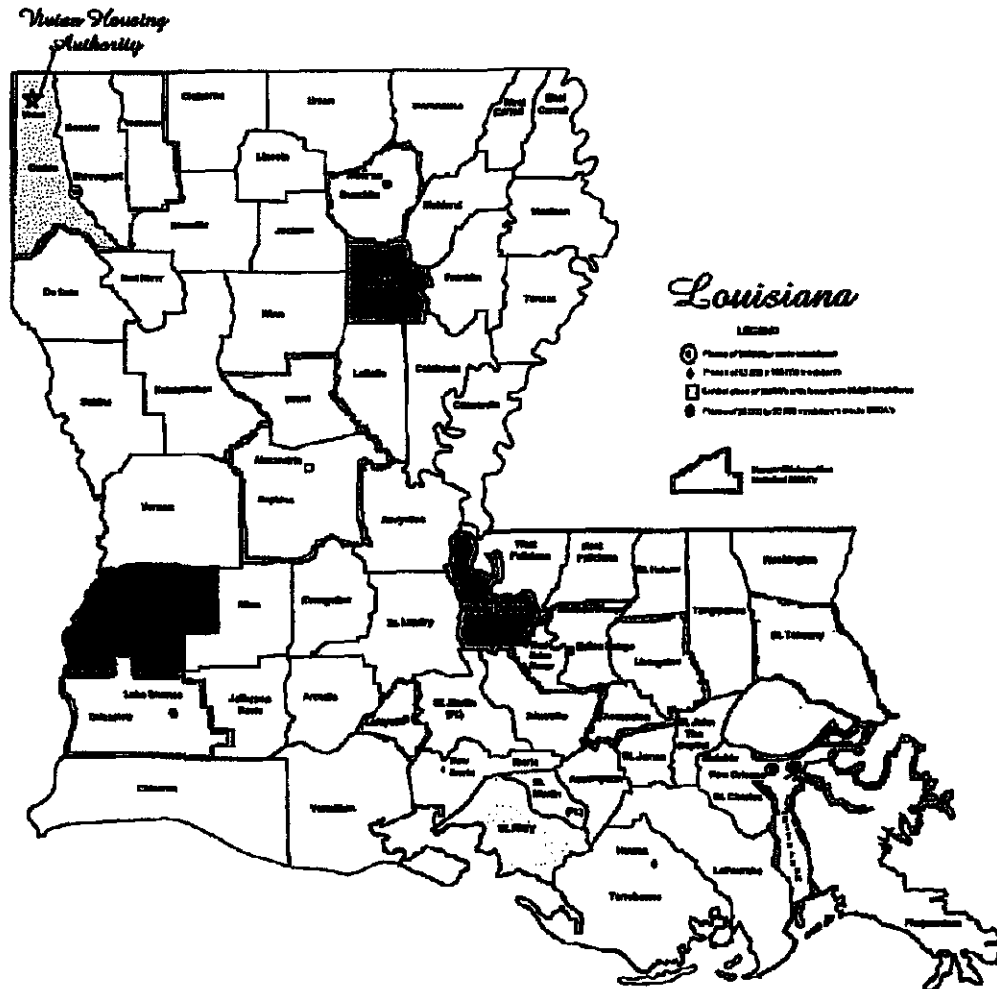
**HOUSING AUTHORITY
OF THE
TOWN OF VIVIAN, LOUISIANA**

**Annual Financial Statements
September 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/19/08

HOUSING AUTHORITY OF THE TOWN OF VIVIAN VIVIAN, LOUISIANA



* The Vivian Housing Authority is chartered as a public corporation for the purpose of administering housing programs for low income families. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the Vivian Housing Authority to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

**Housing Authority of the Town of Vivian
Vivian, Louisiana**

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September 30, 2007**

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INDEPENDENT ACCOUNTANT'S REPORT

Housing Authority of the Town of Vivian, Louisiana

We have reviewed the accompanying basic financial statements of the Housing Authority of the Town of Vivian, Louisiana as of and for the year ended September 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of the Town of Vivian, Louisiana's management.

Our review was conducted in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. A review consists principally of inquiries of Housing Authority personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated January 15, 2008, on the results of our agreed-upon procedures.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

John R. Vercher PC

Jena, Louisiana
January 15, 2008

MEMBER
—AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS—
SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

**Housing Authority of the Town of Vivian
Management's Discussion and Analysis
September 30, 2007**

As management of the Housing Authority of the Town of Vivian, we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2007. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements, which are attached.

Financial Highlights

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$964,587 (net assets).

As of the close of the current fiscal year, the Authority's ending unrestricted net assets were \$200,207.

The Authority's cash balance at September 30, 2007 was \$27,879, while investments totaled \$169,187.

The Authority had total revenue of \$430,384 in which \$240,840 was operating revenue and \$189,544 was non-operating revenue.

The Authority had total expenses of \$330,971, leaving a total change in net assets of \$99,413.

Overview of the Basic Financial Statements

The discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of the Statement of Net Assets, Statement of Revenue, Expenses and Changes in Net Assets, Statement of Cash Flows, and the notes to the basic financial statements. This report also contains the schedule of expenditures of federal award as supplementary information in addition to the basic financial statements themselves.

The Authority has only one fund type, namely a proprietary fund. The Statement of Net Assets includes all of the Authority's assets and liabilities. This fund type is unused for activities which are financed and operated in a manner similar to those in the private sector.

The Authority has two main funding sources in its financial operation. These are the Low Rent Public Housing and the Capital Fund programs. The Low Rent Program consists of 60 units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula. The purpose of this program is to provide funding for low rent housing programs to allow them to make purchases and capital improvements for the current dwelling structures and assist in their operations.

**Housing Authority of the Town of Vivian
Management's Discussion and Analysis - Continued
September 30, 2007**

Overview of the Basic Financial Statements-Cont.

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements.

The table below lists the asset and liability comparisons for the year ended September 30, 2007.

Statement of Net Assets

	<u>2006</u>	<u>2007</u>	<u>% Change</u>
Current Assets	\$ 246,028	\$ 233,132	-5.2%
Capital Assets Net of Depreciation	640,422	764,380	19.4%
Total Assets	<u>886,450</u>	<u>997,512</u>	12.5%
Current Liabilities	15,894	27,263	71.5%
Non-Current Liabilities	5,382	5,662	5.2%
Total Liabilities	<u>21,276</u>	<u>32,925</u>	54.8%
Equity			
Invest in Capital Assets	640,422	764,380	19.4%
Unrestricted Net Assets	224,752	200,207	-10.9%
Total Net Assets	<u>\$ 865,174</u>	<u>\$ 964,587</u>	11.5%

Cash & Investments

Cash decreased by \$37,937 as of September 30, 2007. The primary source of the decrease is due to the purchase of capital assets.

Investments increased by \$5,951. This increase is due primarily to interest income.

Net Assets

The Authority's unrestricted net assets decreased by \$24,545 for the current year.

**Housing Authority of the Town of Vivian
Management's Discussion and Analysis - Continued
September 30, 2007**

Overview of the Basic Financial Statements-Cont.

The table below lists the revenue and expense comparisons for the year ended September 30, 2007.

Statement of Revenues, Expenses, & Change in Net Assets

	<u>2006</u>	<u>2007</u>	<u>% Change</u>
Revenue			
Tenant Revenue	\$ 131,570	\$ 112,991	-14.1%
HUD PHA OPERATING	105,183	127,849	21.5%
Capital Grants	28,659	183,459	540.1%
Investment Income	4,907	6,085	24.0%
Total Revenue	<u>270,319</u>	<u>430,384</u>	59.2%
Expenses			
Administrative	88,083	96,578	9.6%
Tenant Services	14,394	12,957	-10.0%
Utilities	36,474	37,009	1.5%
Maintenance	88,165	89,473	1.5%
Insurance	24,722	28,183	14.0%
PILOT	9,184	7,270	-20.8%
Other	2,154	-0-	-100.0%
Depreciation	44,763	59,501	32.9%
Total Expenses	<u>307,939</u>	<u>330,971</u>	7.5%
Change In Net Assets	\$ <u>(37,620)</u>	\$ <u>99,413</u>	364.3%

Results of Operations

Revenues of the Authority are generated principally from dwelling rents and HUD Operating Subsidies. The Authority's revenues increased by \$160,065, mainly due to an increase in overall grants in the amount of \$177,466. Expenses increased by \$23,032, mainly due to an increase in depreciation (which is a non-cash transaction) in the amount of \$14,738 and an increase in administrative expenses in the amount of \$8,495.

**Housing Authority of the Town of Vivian
Management's Discussion and Analysis - Continued
September 30, 2007**

Capital Asset & Debt Administration

Capital Assets

As of September 30, 2007 the Authority's investment in capital assets was \$764,380 (net of accumulated depreciation). This investment included land, building, building improvements, office equipment, and maintenance equipment.

Capital Assets at Year-End

	<u>2006</u>	<u>2007</u>
Land *	\$ 19,688	\$ 19,688
Buildings & Improvements	2,470,674	2,691,495
Furniture & Equipment	153,546	159,941
Construction in Progress *	64,816	21,059
Accumulated Depreciation	<u>(2,068,302)</u>	<u>(2,127,803)</u>
Total	<u>\$ 640,422</u>	<u>\$ 764,380</u>

* Land in the amount of \$19,688 and Construction in Progress in the amount of \$21,059 are not being depreciated.

Long Term Debt

The Authority does not have any long-term liabilities at this time.

Future Events That Will Impact the Authority

The Authority relies heavily upon HUD operating subsidies. The amount appropriated has not currently been approved for the FYE 2008 year. Therefore, any results of budget shortfalls cannot be determined.

The Authority is under a contract through its Capital Fund Program to continue with the work as stated above and incorporate any new work items into its operation.

Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following address:

Housing Authority of the Town of Vivian
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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Housing Authority of the Town of Vivian, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Housing Authority of the Town of Vivian and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Housing Authority of the Town of Vivian's compliance with certain laws and regulations during the year ended September 30, 2007 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below whether for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

*Our review found one expenditure for public works exceeding \$100,000 that was in accordance with LSA-RS 38:2211-2251 (the public bid law) and there were no expenditures for materials and supplies exceeding \$20,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

*We obtained a list from the PHA.

3. Obtain from management a listing of all employees paid during the period under examination.

*We obtained a listing of all employees from the PHA.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

*None of the employees included on the list of employees provided by PHA appeared on the list provided by PHA in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

*The PHA is an enterprise fund and budgeting is not required. The PHA prepares a budget on its operations on a governmental fund basis and therefore is not comparable to the financial statements on an enterprise fund basis.

6. Trace the budget adoption and amendments to the minute book.

*Not applicable.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

*Not applicable.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and :

(a) trace payments to supporting documentation as to proper amount and payee;

*We randomly selected six disbursements using a random number generator. We examined supporting documents for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

*All of the payments were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

*All of the payments received approval from proper authorities.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

*Inquiries of management found that notices were posted at the business office of the PHA of the meetings' time, place, and agenda.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

*We reviewed the books and records of the PHA and found no deposits or entries that appeared to be loans.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

*Our review of the payroll records and discussions with PHA personnel found no evidence of bonuses, advances or gifts being made.

Our prior year report, dated January 15, 2007, did not include any comments or unresolved matters.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Housing Authority of the Town of Vivian and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

John R. Vercher PC

Jena, Louisiana
January 15, 2008

Basic Financial Statements

**Housing Authority of the Town of Vivian
Vivian, Louisiana
Statement of Net Assets
September 30, 2007**

	ENTERPRISE FUNDS
CURRENT ASSETS	
Cash & Cash Equivalents	\$ 27,879
Investments	169,187
Receivables (Net of Allowances For Uncollectables)	19,393
Inventory	284
Prepaid Items	10,727
Restricted Assets:	
Cash	5,662
TOTAL CURRENT ASSETS	233,132
NON-CURRENT ASSETS	
Capital Assets (Net of Accumulated Depreciation)	764,380
TOTAL NON-CURRENT ASSETS	764,380
TOTAL ASSETS	997,512
LIABILITIES	
CURRENT LIABILITIES	
Accrued Pilot	16,453
Accounts Payable	8,034
Accrued Wage/Payroll Taxes Payable	2,776
TOTAL CURRENT LIABILITIES	27,263
NON-CURRENT LIABILITIES	
Tenant Security Deposits	5,662
TOTAL NON-CURRENT LIABILITIES	5,662
TOTAL LIABILITIES	32,925
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	764,380
Unrestricted	200,207
TOTAL NET ASSETS	\$ 964,587

See accountant's report.
The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Vivian
Vivian, Louisiana
Statement of Revenues, Expenses, & Changes In
Net Assets – Proprietary Funds
Year Ended September 30, 2007**

	ENTERPRISE FUND
OPERATING REVENUES	
Tenant Revenue	\$ 109,706
Other Revenue	3,285
HUD PHA Operating Grant	127,849
TOTAL OPERATING REVENUE	<u>240,840</u>
OPERATING EXPENSES	
<i>Administration:</i>	
Administrative Salaries	62,439
EBC Administrative	13,625
Other Operating - Administrative	20,514
<i>Tenant Services</i>	
Tenant Services Salaries	10,509
Relocation Costs	155
EBC Tenant Services	2,293
<i>Cost of Sales & Service:</i>	
Water	25,306
Electricity	3,898
Other Utilities	7,805
Ordinary Maintenance – Labor	42,621
Materials	17,822
Contract Cost	19,729
EBC Maintenance	9,301
Insurance	28,183
Payment in Lieu of Taxes	7,270
<i>Depreciation</i>	59,501
TOTAL OPERATING EXPENSES	<u>330,971</u>
OPERATING INCOME (LOSS)	<u>(90,131)</u>
NONOPERATING REVENUE (EXPENSE)	
Capital Grants	183,459
Interest Earnings	6,085
TOTAL NONOPERATING REVENUE (EXPENSES)	<u>189,544</u>
CHANGE IN NET ASSETS	99,413
TOTAL NET ASSETS – BEGINNING	865,174
TOTAL NET ASSETS - ENDING	<u>\$ 964,587</u>

See accountant's report.
The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Vivian
Vivian, Louisiana
Statement of Cash Flows
Year Ended September 30, 2007**

	ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From Customers & Users	\$ 94,034
Receipts From Operating Grants	127,849
Payments to Suppliers	(144,525)
Payments to Employees	(115,429)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(38,071)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Subsidy From Federal Grants	183,459
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>183,459</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Acquisition & Construction of Capital Assets	(195,361)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>(195,361)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investments	5,951
Interest & Dividends Received	6,085
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>12,036</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(37,937)
CASH, BEGINNING OF YEAR	65,816
CASH, END OF YEAR	<u>27,879</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	<u>(90,131)</u>
Depreciation Expense	59,501
(Increase) Decrease in Accounts Receivable	(18,957)
(Increase) Decrease in Inventories	(273)
(Increase) Decrease in Prepaid Items	420
Increase (Decrease) in Accrued Pilot	7,269
Increase (Decrease) in Accounts Payable	7,546
Increase (Decrease) in Deferred Revenues	(3,586)
Increase (Decrease) in Accrued Wage/Payroll Taxes Payable	140
TOTAL ADJUSTMENTS	<u>52,060</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(38,071)</u>
LISTING OF NONCASH INVESTING, CAPITAL, AND FINANCIAL ACTIVITIES	
Contributions of Capital Assets From Government	\$ <u>-0-</u>

See accountant's report.
The accompanying notes are an integral part of this statement

**Housing Authority of the Town of Vivian
Vivian, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS

INTRODUCTION

The Housing Authority of the Town of Vivian is an 80 unit apartment complex for persons of low income located in Vivian, Louisiana. The Authority is chartered as a public corporation for the purpose of administering decent, safe and sanitary dwelling for persons of low-income.

Legal title to the Authority is held by the Housing Authority of the Town of Vivian, Louisiana, a non-profit corporation. The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of Vivian, Louisiana. Each member serves a four-year term. Substantially all of the Authority's revenue is derived from subsidy contracts with the U. S. Department of Housing and Urban Development (HUD). The annual contributions contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities for eligible individuals.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the entity to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separated and fiscally independent, the Housing Authority is a separate governmental reporting entity. The Housing Authority includes all funds, account groups, activities, etc., that are within the oversight responsibility of the Housing Authority.

The Housing Authority is a related organization of the Town of Vivian because the Town of Vivian appoints a voting majority of the Housing Authority's governing board. The Town of Vivian is not financially responsible for the Housing Authority, as it cannot impose its will on the Housing Authority and there is no possibility for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of Vivian. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of Vivian.

1. SUMMARY OF ORGANIZATION & SIGNIFICANT ACCOUNTING POLICIES

A. BASIC FINANCIAL STATEMENTS

The basic financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the primary government and its component units. For the most part, the effect of the Interfund activity has been removed from these statements. The housing authority uses enterprise funds to account for its activities.

**Housing Authority of the Town of Vivian
Vivian, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The housing authority reports the following major proprietary funds:

- The Low Rent Fund is the housing authority's primary operating fund. It accounts for all financial resources of the housing authority, except those required to be accounted for in another fund.
- The CFP Fund is the housing authority's grant operating fund. It accounts for all financial resources of the capital fund projects.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to their same limitation. The housing authority has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of Interfund activity has been eliminated from the basic financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

Operating revenues and expenses have been reported separately from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The primary operating revenue of the housing authority is derived from tenant revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the housing authority's policy to use restricted resources first, then unrestricted resources as they are needed.

**Housing Authority of the Town of Vivian
Vivian, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

C. DEPOSITS & INVESTMENTS

The housing authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the housing authority's investment policy allow the housing authority to invest in collateralized certificated of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments (bank certificate of deposits in excess of 90 days) for the housing authority are reported at fair value.

D. RECEIVABLES & PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year referred to as either "due to/from other funds" (i.e., the current portion of Interfund loans) or "advances to/from other funds" (i.e., the non-current portion of Interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the accompanying financial statements, are offset by a restriction on net assets. All trade and other receivables are shown net of an allowance for uncollectables.

E. INVENTORIES & PREPAID ITEMS

All inventories are valued at cost using the first-in/first out method. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

F. CAPITAL ASSETS

Capital Assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable columns in the basic financial statements. Capital assets are capitalized at historical cost. The housing maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**Housing Authority of the Town of Vivian
Vivian, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

All Capital Assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings & Building Improvements	20 years
Furniture & Fixtures	5 years
Vehicles	5 years
Equipment	5 years

G. LONG-TERM OBLIGATIONS

In the basic financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

H. EXTRAORDINARY & SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the housing authority, which are either unusual in nature or infrequent in occurrence.

I. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH & INVESTMENTS (CD'S IN EXCESS OF 90 DAYS)

At September 30, 2007, the housing authority has cash and investments (book balances) totaling \$202,728 as follows:

Demand deposits	\$	33,541
Time deposits		169,187
Total	\$	<u>202,728</u>

**Housing Authority of the Town of Vivian
Vivian, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

These deposits are stated at cost, which is approximated market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

3. RECEIVABLES

The housing authority had \$19,393 in receivables for the year ended September 30, 2007.

A/R HUD Other Projects	\$ 18,944
A/R Tenants-Dwelling Rents	8
Accrued Interest Receivable	441
Total	\$ 19,393

4. CAPITAL ASSETS

All fixed assets are stated at cost. The fixed assets are depreciated using the straight-line method of depreciation with lives ranging from 5-40 years. Changes in fixed assets are as follows:

	<u>Beginning of Period</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Period</u>
Land *	\$ 19,688	\$ -0-	\$ -0-	\$ 19,688
Buildings & Improvements	2,470,674	220,821	-0-	2,691,495
Furniture & Equipment	153,546	17,715	(11,320)	159,941
Construction in Progress *	64,816	21,059	(64,816)	21,059
Total Capital Assets	2,708,724	259,595	(76,136)	2,892,183
Less Accumulated Depreciation	(2,068,302)	(59,501)	-0-	(2,127,803)
Total Capital Assets, Net of Depreciation	\$ 640,422	\$ 200,094	\$ (76,136)	\$ 764,380

* Land in the amount of \$19,688 and Construction in Progress in the amount of \$21,059 are not being depreciated.

All land and buildings are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the government and to protect other interests of the government.

**Housing Authority of the Town of Vivian
Vivian, Louisiana**

NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)

5. ACCOUNTS, SALARIES & OTHER PAYABLES

The payables of \$27,263 at September 30, 2007 are as follows:

Accrued Pilot	\$	16,453
Vendors Payable		8,034
Accrued Wages/Payroll Taxes Payable		<u>2,776</u>
Total	\$	<u>27,263</u>

6. LONG-TERM OBLIGATIONS

To provide for the development and modernization of low-rent housing units, the PHA issued New Housing Authority Bonds and Permanent Notes-FFB. These bonds and notes are payable by HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the Authority, and accordingly, have not been reported in the accompanying financial statements. This debt has been reclassified to HUD equity.

7. CONTINGENT LIABILITIES

At September 30, 2007, the housing authority is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the housing authority in the current and prior years. These examinations may result in required refunds by the housing authority to federal grantors and/or program beneficiaries.

8. ECONOMIC DEPENDENCY

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing & Urban Development provided \$311,308 to the housing authority, which represents approximately 72% of the housing authority's revenue for the year.

9. COMPENSATION PAID TO COMMISSIONERS

<u>Board Member</u>	<u>Title</u>	<u>Salary</u>
Ethel Williams	Chairman	\$ -0-
David C. Wilson, Jr.	Vice-Chairman	-0-
Donny Fitzgerald	Commissioner	-0-
Donnis Bozeman	Commissioner	\$ -0-

Other Reports

JOHN R. VERCHER PC

Certified Public Accountant

P.O. Box 1608

Jena, Louisiana 71342

Tel: (318) 992-6348

Fax: (318) 992-4374

MANAGEMENT LETTER COMMENTS

During the course of our review, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the Housing Authority's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

There are no current year comments.

**HOUSING AUTHORITY OF THE TOWN OF VIVIAN
VIVIAN, LOUISIANA**

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Housing Authority of the Town of Vivian, Louisiana has provided the following action summaries relating to review findings brought to their attention as a result of their financial review for the year ended September 30, 2006.

PRIOR YEAR FINDINGS

There were no prior year findings.

LOUISIANA ATTESTATION QUESTIONNAIRE

JOHN R. VERCHER PC
Certified Public Accountant
P.O. Box 1608
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

In connection with your review of our financial statements as of September 30, 2007 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of January 15, 2007 (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes ☒ No ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes ☒ No ☐

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes ☒ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60.

Yes ☒ No ☐

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.


Signature